



SOUTHEAST IDAHO

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA, & POWER COUNTIES

2002: THE YEAR IN REVIEW

Southeast Idaho moved into 2002 stunned by the terrorist attacks of September 11, reeling from a national recession and corporate scandal, and plagued by a third year of continued drought. In 2002, the area began to realize the full effects of events that occurred late in 2001. The terrorist attacks of 2001 nearly halted an already slowing economy. Travel and tourism slowed to a crawl and the stock market suffered its worst loss since 1987. As the national and global economic slowdown continued, the War on Terrorism began, the threat of war with Iraq loomed, a stubbornly poor stock market continued, and global competition increased, many local businesses reduced staff or closed. Locally, the loss of jobs at American Microsystems, Astaris, Monroc, Suprema Cheese, Union Pacific Railroad, J.R. Simplot Co., and Agrium eliminated more than 1,000 jobs in Southeast Idaho. Two series of state budget holdbacks eliminated jobs in state government, and the combined reductions increased Southeast Idaho's annual average unemployment rate from 4.8 percent in 2001 to 5.3 percent in 2002. The full effect of the economic downturn was realized.

Drought persisted for the third consecutive year and two late freezes forced replanting of some crops. What was thought to be an extremely bad year for crops turned out to be a relatively good growing season and growers found the market prices for crops higher than in the previous three years.

Despite the area's economic problems in 2002, many people remained employed and businesses continued to grow, build, and open in the area. Economic developments, such as the establishment of a high-tech corridor in Eastern Idaho, provided encouragement and the area is poised for expansion as soon as the national and global economies improve.

EMPLOYMENT TRENDS

The Pocatello Metropolitan Statistical Area's (MSA) average unemployment rate is projected to rise 1.1 percentage points, from 4.7 percent in 2001 to 5.8 percent in 2002 as shown in Southeast Idaho Table 1. Despite business closures and job reduc-

Southeast Idaho Table 1: Labor Force & Employment
Pocatello City MSA (Bannock County)

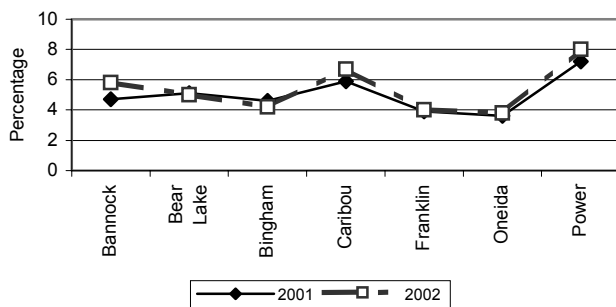
	Projected 2002	2001	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	40,770	39,810	2.5
Unemployment	2,350	1,860	24.3
Percent Unemployed	5.8	4.7	
Total Employment	38,420	37,950	1.4
JOBS BY PLACE OF WORK			
TOTAL Nonfarm Payroll Jobs	32,640	33,180	-1.6
Goods Producing Industries	4,180	4,520	-7.5
Construction	1,580	1,750	-9.7
Manufacturing	2,600	2,770	-6.1
Service Producing Industries	28,460	28,660	-0.7
Trans./Comm./Util	1,870	1,810	3.3
Wholesale Trade	1,370	1,420	-3.5
Retail Trade	6,560	6,850	-4.2
Fin./Ins./Real Estate	1,720	1,740	-1.1
Services	8,220	8,220	0.0
Government Admin.	3,550	3,450	2.9
Government Educ.	5,170	5,170	0.0

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month.

tions, the area's *Civilian Labor Force* grew by 960 individuals, from 39,810 in 2001 to 40,770 in 2002. Employment grew at a much slower pace, just 1.4 percent, from 37,950 in 2001 to 38,420 in 2002. Unemployment jumped 24.3 percent in 2002 as the sluggish economy left an additional 470 individuals unemployed. Most Southeast Idaho counties experienced unemployment rates in 2002 that were at or slightly above the 2001 level (see *Southeast Idaho Chart 1: County Unemployment Rates* on page 28). Three notable exceptions were: Bingham County, down four-tenths of a percentage point; Bannock County, up 1.1 percentage points; and Power County, up nine-tenths of a percentage point. Job losses in one county affect the labor market of several counties as workers commute across county lines to work. Because of business closures and job losses in Southeast Idaho, particularly Bannock and Power Counties, unemployment rates in other counties also increased because unemployment is counted by place of residence and workers who live in those other counties worked in Bannock or Power County. A comparison of labor force data from 2001 and 2002 for the Southeast Idaho counties is shown in *Southeast Table 2: Annual Labor Force Data* on page 28.

Nonfarm Payroll Jobs decreased 1.6 percent to 32,640 in 2002 from 33,180 in 2001. The loss of 540 jobs resulted from job reductions in nearly every industry. The *Goods-Producing Industries* suffered the most job losses, 340, over the year. The job loss was evenly split between *Construction* and *Manufacturing*. The closure of Astaris, near Pocatello, in December 2001 had a major impact on the area because of the loss of nearly 400 good-paying *Manufacturing* jobs

Southeast Idaho Chart 1: County Unemployment Rates



and cessation of a major construction project at the facility, which eliminated 400 *Construction* jobs. The loss of Astaris also affected jobs in Caribou County because Agrium's Dry Valley Mine supplied ore to the facility. In December 2002, Agrium announced the reduction of 25 jobs at that facility because of an oversupply of ore. The multiplier effect of those job losses affected jobs in almost every other industry. In addition to the Astaris closure, several small businesses closed over the year and other businesses reduced staff or adjusted hours. *Construction*, *Manufacturing*, and *Retail Trade* suffered the most significant losses.

The job losses at Astaris are not reflected in this *Nonfarm Payroll Jobs* comparison because Astaris jobs were in Power County, which is not included in the Pocatello MSA, but provided jobs for many workers throughout Southeast Idaho. *Construction* decreased by 170 jobs over the year as commercial and residential construction fell more than 25 percent below the 2001 level. *Manufacturing* lost 170 jobs mostly because of reductions at American Microsystems, Inc. in Pocatello resulting from national and global economic conditions.

The *Service-Producing Industries* also experienced reductions in 2002. The loss of 200 jobs was mostly in *Retail Trade*, but also occurred in *Wholesale Trade* and *Finance, Insurance & Real Estate*. *Retail Trade* decreased by 290 jobs because of the loss of disposable income in the area and closure of some retail businesses. Increases in *Communications*, and *Air and Passenger Transportation* outpaced losses in *Motor Freight Transportation* and *Utilities* to add 60 jobs in *Transportation, Communications & Utilities*.

Jobs in *Government Administration* increased more than any other industry at 100 jobs. The increase occurred exclusively in *Local Government Administration* and was caused by the merger of Pocatello's two hospitals, not an actual increase in *Local Government* jobs, and also lowered the count of jobs in *Services*. Pocatello Regional Medical Center employed between 350 and 400 individuals, was privately owned, and was counted under *Services, Health Care*. Bannock Regional Medical Center employed approximately 800 individuals, was county owned, and was counted under *Local Government Administration, Hospitals*. The privately owned Pocatello Regional Medical Center was purchased and merged with the county-owned Bannock Regional Medical Center; the combined facilities were renamed Portneuf Medical Center. The combined hospitals are now a county-owned entity, and nearly 400 jobs were transferred

Southeast Idaho Table 2: Annual Labor Force Data
December 2001 to December 2002 12-month rolling average

County	Year	Civilian Labor Force	Number Unemployed	% Unemployed	Number Employed
Bear Lake	2001	2,760	139	5.0	2,621
	2002	2,840	145	5.1	2,695
Bingham	2001	21,847	1015	4.6	20832
	2002	22,447	938	4.2	21,509
Caribou	2001	3,314	194	5.8	3,120
	2002	3,370	233	6.9	3,137
Franklin	2001	4,839	193	4.0	4,646
	2002	5,176	205	4.0	4,971
Oneida	2001	1,716	62	3.6	1,654
	2002	1,764	70	4.0	1,694
Power	2001	3,362	241	7.2	3,121
	2002	3,389	276	8.1	3,113

from *Services* to *Government Administration*. Since *Services* showed no decrease after the transfer of nearly 400 jobs, the industry actually gained jobs during 2002. Most job gains occurred in *Agricultural Services*, *Business Services*, and *Amusement and Recreation Services*.

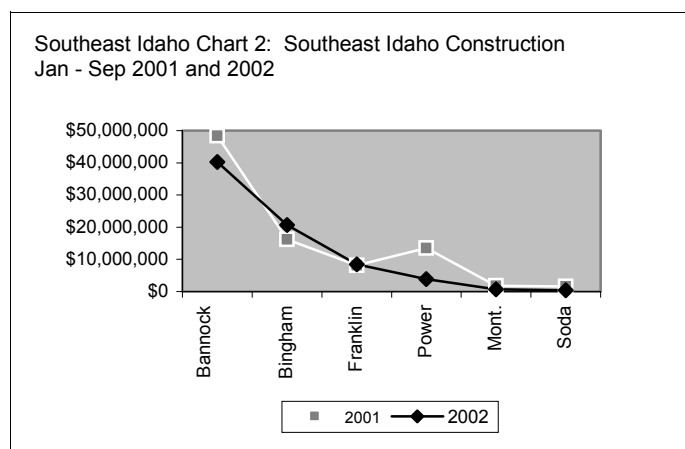
The opposite occurred in *Government Administration*. What appeared to be an increase in jobs in *Government Administration* was an actual decline. Nearly 400 jobs were transferred into the industry by the merger of the hospitals but the industry increased by just 100 jobs. The number of jobs in *State Administration* and *Local Administration* actually declined in 2002.

One bright spot in the area's economy was agriculture. Employment in agriculture is projected to increase more than five percentage points, adding more than 200 jobs. Agriculture is one of Southeast Idaho's largest industries. Primary crops grown in Southeast Idaho are potatoes, grain, hay, and sugar beets. Southeast Idaho also has a large dairy industry. Area farmers and ranchers spark local economies by adding jobs, using the services of agriculture-related businesses, and purchasing equipment and supplies from area businesses. The number of agriculture jobs in 2002 exceeded 2001 in every county during the first nine months of the year. In 2002, several area farmers endured crop damage because of frost, wind, and drought. Most of the area's sugar beets and some of the area's wheat had to be replanted. After three years of drought, high winds further depleted soil moisture creating a greater need of an already short water supply. Area crop growers were more challenged by weather and water conditions than any other time since the early 1970's drought. Despite these challenges, other factors that affect agriculture were more positive than in previous years. Commodity prices for most agricultural products improved, fuel costs and fertilizer prices were lower, and interest rates were very favorable. Agriculture, overall, had a positive effect on the Southeast Idaho economy.

AREA ECONOMIC DEVELOPMENTS

Construction

Residential construction helped ebb the tide of the economic slowdown throughout Southeast Idaho. Wells Fargo's *Idaho Construction Report, September 2002* showed that from January through September 2002, Southeast Idaho's residential construction surpassed January through September 2001 by 8.4 percent. Unfortunately, commercial construction fell more than 50 percent driving the area's total construction down nearly 26 percent. While Southeast Idaho construction fell 25.5 percent below the 2001 total, Idaho fell at a much lower rate ending just 8.0 percent below 2001. Bingham County experienced a 27.6 percent increase in construction activity from January to September 2002 compared to the same time period in 2001. Franklin County also showed an increase of 4.4 percent from 2001 to 2002 for that time period, while the other Southeast Idaho counties experienced declines. See *Southeast Idaho Chart 2: Southeast Idaho Total Construction Jan-Sept 2001 and 2002*. While several new commercial construction projects were started in the Pocatello area during the last quarter, it is doubtful the projects will make up the difference and net an overall increase for the year.



Bannock County

- Southeast Idaho's largest county, Bannock (population 75,323), suffered significant economic fluctuations during 2002. Through September 2002, construction declined 16.7 percent over the first nine months of 2001. Residential construction increased 2.4 percent, commercial construction decreased 43.2 percent, and additions, alterations, and repairs decreased 1.6 percent.
- An \$8 million dollar redevelopment project, which began in December 2001, turned the old Simplot building at 4122 Yellowstone Avenue in Pocatello into a regional shopping center. The center, Cobblestone Creek, houses three new businesses: T.J. Maxx, Pier 1 Imports, and Only \$1 Superstore. The three new employers added approximately 125 new jobs in the area. Two new businesses are under construction and will open at the center this spring; Village Crafts by Michaels and International House of Pancakes.
- Three new businesses built stores and opened in the Fred Meyer complex at 700 Yellowstone in Pocatello:

AutoZone Car Parts Store, Sonic Drive-In, and Honks Dollar Store. The new businesses employ approximately 100 individuals.

- Farm Bureau moved into its new 93,600-square-foot facility in Pocatello. The \$13 million headquarters houses 174 employees. Construction began in 2000.
- Construction began on the L.E. and Thelma E. Stevens Performing Arts Center at Idaho State University. The 110,000-square-foot facility should be completed by spring 2004.
- American MicroSystems, Inc. began construction of a new 30,800-square-foot engineering and research center on Alvin Ricken Drive in Pocatello.
- TetraDyne Solutions, Inc. started a business at Idaho State University's Business and Research Park. The new company employs five people and expects to expand to 60 employees within two years.
- The Union Pacific Railroad closed the Pocatello hump yard and eliminated 30 jobs in 2002. The company recently announced it would close its refrigeration shop in Pocatello by March 2003, eliminating another 65 jobs.
- American MicroSystems, Inc. eliminated more than 200 jobs in the Pocatello area in 2002. The company purchased a semiconductor business in Belgium and attributed the layoffs to redundancy and also to the slow economic recovery.
- BMC West closed its building supply store in Pocatello after nearly 30 years in business. The closure eliminated 25 jobs.

Bear Lake County

- Bear Lake County, with a population of 6,345, suffered from job losses throughout the area. Construction in Montpelier, Bear Lake County's largest city, during the first three quarters of 2002 dropped by over \$1.1 million from the first three quarters of 2001. The decline occurred in commercial construction, down \$1.7 million, and in additions, alterations, and repairs, down \$163,000. Residential construction increased by \$90,000 in 2002 over 2001.

Bingham County

- Bingham County, the area's second-largest county with a population of 42,335, outperformed every other county in Southeast Idaho in 2002. The county had the lowest unemployment rate at 4.2 percent over the year and enjoyed the highest increase in construction activity. Through September 2002, construction activity increased 27.6 percent. Residential construction increased 11.8 percent, commercial construction increased 84 percent, and additions, alterations, and repairs increased 58.4 percent.
- First American Title Company of East Idaho broke ground on a second new office building in Blackfoot. The new 3,600-square-foot building will be located on West Pacific Street.

- The Blackfoot Medical Clinic purchased and renovated the old Rite Aide store on Parkway Drive to house the clinic. The renovated building allowed full integration of the clinic's services and 100 employees in one location.
- The Blackfoot Urban Renewal Agency completed its \$1.2 million downtown revitalization project. The project included replacement of water, sewer, and storm sewer lines; curbs, gutters, and sidewalks; installation of decorative lighting; and repaving.
- C-A-L Ranch built and moved into its new store on Meridian in Blackfoot. The new store provides more space for an expanded inventory and will add approximately ten more employees.
- Antigo Cheese Company purchased Suprema Cheese of Blackfoot, which closed in March 2002. The new company began limited production at the end of August with approximately 25 employees and hopes to increase to full production with up to 50 employees.
- Shelley Cabinet Company, which had been in business in Shelley for nearly 50 years and had undergone an expansion, closed suddenly. The closure eliminated approximately 30 jobs.

Caribou County

- Caribou County, with a population of 7,397, saw construction activity in its largest city, Soda Springs, decline over \$1.2 million during the first three quarters of 2002 from the first three quarters of 2001. Commercial construction accounted for the decline after completion of a large construction project at Agrium. Residential construction increased over the year but commercial construction and additions, alterations, and repairs dropped by \$1.4 million over the year.
- Agrium-Conda of Soda Spring reduced its workforce by 40 people in 2002 and announced the reduction of another 23 workers at its Dry Valley mine in January 2003. The Dry Valley mine supplied ore to the Astaris manufacturing facility, which closed the end of 2001, and caused an oversupply of ore.

Franklin County

- Construction activity during the first nine months of 2002 increased 4.4 percent in Franklin County (population 11,590). The increase occurred in residential construction, up 16.5 percent, and in additions, alterations, and repairs, up 6.1 percent. Commercial construction declined 36.9 percent.
- The new Larsen-Sant Library opened in Preston in February.
- Franklin County Fire District's new fire and ambulance station was built in Preston. The facility houses the county's fire trucks, ambulances, and emergency equipment and supplies. The station provides a training facility and housing for emergency personnel. The station is located at 43 West, 100 South.

Oneida County

- Oneida County is Southeast Idaho's smallest county with a population of 4,210. The county also boasts one of the smallest unemployment rates in the area at 3.8 percent. Oneida County residents have employment opportunities in nearby Franklin County and Utah. The county enjoys economic activity as a border town where Utah residents jump the border to take advantage of Idaho's lottery.
- Oneida County built a new \$390,000 county shop. The 9,600-square-foot building has four separate working bays.
- The Oneida County Library added 1,200-square feet to their existing facility.

Power County

- Power County, with a population of 7,468, endured significant hardships in 2002 with the closure of Astaris, LLC and reductions at J.R. Simplot Company. Construction for the first nine months of 2002 dropped 71.5 percent below the first nine months of 2001. An increase in residential construction of 40.4 percent was outpaced by decreases in commercial construction (-81.7 percent) and in additions, alterations, and repairs (-17.5 percent).
- Direct Communications opened an office in American Falls at 2842 Pocatello Avenue. The company's main business is in Rockland but the store in American Falls will offer computer sales and service, telephones and accessories, and better service to telephone and Internet customers.
- Construction of the \$14 million American Falls High School was completed for the beginning of the school year in 2002. The 142,000-square-foot facility can accommodate up to 650 students and includes an auditorium and gymnasium.
- Spring Creek Manor expanded its facility and added 4,100-square feet of space. The expansion added six rooms to the facility to accommodate increased use.
- Closure of Astaris, LLC eliminated approximately 350 jobs in Power County. The phosphate manufacturing facility was located between American Falls and Pocatello, and provided employment for both cities. The closure also eliminated approximately 400 construction jobs at the facility. Power County lost about \$1 million in tax revenue per year from the closure.
- J.R. Simplot Company discontinued ammonia production at its Don Plant located between American Falls and Pocatello. The closure eliminated approximately 85 jobs in 2002.

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